2016 Business and Financial Plan

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SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Mission Statement

The Saskatchewan Assessment Management Agency develops, regulates and delivers a stable, cost-effective assessment system that is accurate, up-to-date, universal, equitable and understandable.

The Saskatchewan Assessment Management Agency is responsible for Saskatchewan's property assessment base with a value of over $160 billion. This property assessment base is the foundation for fairly distributing over $1.73 billion of property taxes levied annually by municipalities and the Province to Saskatchewan property owners.

The agency has a two-fold responsibility to the Province and municipalities. Its governance responsibilities for the property assessment system include property assessment research and policy development, maintaining a central database of property assessments, providing assessment information to the Province and assuring the quality of assessments. In addition, the agency provides assessment valuation services to 763 client municipalities and to the Province for the education sector.

The agency maintains the assessment valuations for client municipalities on over 843,000 properties. Assessment valuation services include annual maintenance reviews, periodic property reinspections, complete revaluations every four years and support of value services.

2016 Overview

The agency's four-year plan for 2014-17 was established with direction from its funding partners. Fiscal responsibility and balanced budgets are essential to the Government's commitment to a plan of balanced growth. This means that the agency's spending has to be affordable for the funding parties and sustainable over the long term.

The agency's partners also identified that priority needs to be given to property reinspections, and that the amount of resources expended on revaluations in the past has detracted from property reinspections. The spending priorities established in the agency's four-year plan will enable all properties to be reinspected at least once every 12 years.

The agency's focus is on sustaining current levels of service for our governance responsibilities, continuing to improve the delivery of assessment valuation services to our clients, and building the capacity to reinspect all properties on a continuous and regular basis.

The agency will build capacity by increasing the efficiency of operations and pursuing smarter delivery of programs, and doing so without any additional employees. The agency will continue to build on process improvements, implement innovative new business processes, and invest in new technologies to build its capacity to continue providing up-to-date assessment valuations for its client municipalities.

The agency's work translates into tangible benefits for the Province and client municipalities in the form of additional property tax revenues to fund education and municipal services.

The property assessment base is estimated to continue growing at 2.5% annually. The annual maintenance program will continue to capture this growth, providing $25 million annually in additional property tax revenues for education and municipalities.

An estimated 2.2% of the property assessment base is not currently being assessed, with lost property tax revenues to municipalities and education totalling $30 million. Our commitment to renew the property reinspection program will provide an additional estimated $183 million for education and municipalities over 12 years following implementation of all new technology and business processes in 2017.

As an example, SAMA estimated that targeted 2014 commercial and residential reinspections resulted in an overall 5.1% increase to taxable assessments for properties that were reinspected (excluding agricultural land).

In April 2016 the agency will also begin the process of reviewing and establishing new strategic directions for the next four-year plan, 2018-21.

Strategies and Actions

Strategy

Provide up-to-date, quality property assessment valuations to the Provincial government and client municipalities.

Key Actions

Annual maintenance program

- Provide annual maintenance reviews of between 41,000 and 46,500 residential, commercial and agricultural properties and 87,500 industrial properties.
- Range of properties is dependant upon the amount of time required to implement the updated computer system.
- Increase on-time service delivery levels. Efficiencies gained with new computer system will be used to increase service.
- Timely delivery of assessment maintenance will continue to be a priority in 2016 with an objective of completing as much of the 2017 maintenance as possible prior to December 31, 2016 and incorporating this completed maintenance work into the new 2017 assessed values provided to municipalities starting in January 2017.

Revaluation program

Once every four years the agency revalues all properties in each of its client municipalities to reflect a more current valuation base date.

- Verify property sales transactions for 50,000 property transfers registered with Land Titles.
- Train appraisers on the new residential simplified cost model.
- Maintain current continuous sales verification service levels.
- Redesign revaluation business processes to improve program efficiency and reduce total resources by 25% for the 2017 revaluation.
- Deliver preliminary values to Government prior to the April 1, 2016 legislated deadline; deliver preliminary value reports for client municipalities beginning in June 2016.
- Identify areas where refinements to preliminary values are needed and make changes proactively prior to final values being delivered in January 2017.

Reinspection program

Inspection plans have been developed based on a range of properties/day to account for time required to implement the new computer system.

- Reinspect 7,700-9,800 agricultural land properties in six or seven rural municipalities.
- Reinspect 4,400-4,700 residential and 6,100 commercial properties (includes 6,000 industrial properties).

Support of value

- Provide support of value services to client municipalities including professional management of property assessment appeals, one-on-one assessment reviews with property owners, and attending to appeals filed with local board of revisions, the Saskatchewan Municipal Board and the Court of Appeal.

- Maintain current support of value service levels.

Public services

- Provide client municipalities, the Provincial government, stakeholders and property owners with reliable and timely access to property assessment records, confirmed municipal assessment totals and information on property value trends in Saskatchewan.
- Through informational materials, training workshops and other initiatives, continue to work with client municipalities, stakeholders and property owners to educate and raise awareness of the property assessment system, and assessment policies and practices.

Strategy

Support Saskatchewan's growing economy with a fair and equitable property assessment system.

Key Actions

Policy

- Maintain the currently active regulated Manuals and non-regulated Cost Guides with the respective base dates:
  - January 1, 2011 base date for use in 2013-2016
  - January 1, 2015 base date for use in 2017-2020
- Maintain the Market Value Assessment in Saskatchewan Handbook which provides guidance for the assessment of all properties valued using the market valuation standard, with particular focus on the income approach.
- Policy development with respect to the proposed 2021 revaluation including initial preparation of the 2019 base date Manual and SAMA's Cost Guide.
- Coordination and technical support for agricultural land and commercial reinspection projects.
- Implementation of simplified residential and commercial cost models respecting maintenance and reinspection work completed in 2016 for implementation in 2017.
- Usage of the simplified models in 2016 will see our clients benefiting from the efficiency gains that accompany the transition to simplified models.

Technology

The agency's Technology Infrastructure (TI) program began work in 2014 to update our internal computer systems (Govern) and develop future capabilities such as a web portal, GIS and handheld tablets .

- Open Forms Phase I of the Govern update project is a more efficient data entry system which significantly decreases data entry time of assessment information on to the system. Phase I is scheduled for implementation in Q2 2015.
- Open Forms Phase II will be implemented by the end of the second quarter in 2016 (after preliminary values are delivered). Phase II of the Govern system upgrade completes the conversion to open forms .NET, adds additional functionality to support new business processes and includes handheld application licenses.
- The transition to the new computer system during 2016 could take up to a month of Assessment Services conversion effort in a pre-revaluation year.
- Completion of both phases of Open Forms will establish the foundation that the remaining TI program phases will rely on which includes a web portal, GIS and remote data collection capabilities.
- In 2015 SAMA, in collaboration with ISM, will review the overall TI program and will prepare a project roadmap with expected

requirements and deliverables for each of the remaining phases of the program.

- One of the major deliverables from the project review will be the specific functions and requirements for our proposed new web portal. Given our internal resource commitments and restrictions SAMA will likely be looking for a solution that outsources the development and ongoing support for our new web portal to a third party.
- Phase III web portal is scheduled to be completed for use starting in Q2 2016.
- Substantial development will occur in GIS and remote data collection once Phase II work is completed in Q2 2016.
- Operate and maintain the existing Saskatchewan Property Assessment Network (SPAN), the computer assisted mass appraisal system used to derive and store property assessments.

Assessment roll confirmations

- Ensure compliance with property assessment statutory requirements.
- Confirm municipal assessment rolls that are accurate and have been completed in accordance with the Municipal Acts.

Strategy

Manage our business effectively and efficiently.

Key Actions

- Utilize business process improvement events and other tools to increase the efficiency and effectiveness of work processes.
- Develop and maintain computer-assisted technologies that optimize the Agency's business operations.
- Ensure leadership, relationship, learning and workforce systems are aligned to deliver quality services effectively.
- Strengthen management, administrative and accountability practices.
- Provide professional services, technical services and assessment information services to business clients.
- Continue expanding and strengthening change management capabilities and support to the agency's TI program. By 2016 the agency will have 2 in-house facilitators qualified to deliver training on current change management methodologies.

Property Reinspection Program Initiative

The agency's commitment to reinspect all properties at least once every 12 years, beginning in 2018, will be attained by increasing the agency's capacity to do reinspections with the current operational workforce of 144.75 FTEs. This will be accomplished by:

- Allocating additional appraiser resources to the reinspection program, attained through business process improvements in the annual maintenance and revaluation programs.
- Simplifying property inspection processes.
- Acquiring new technologies.

Allocation of appraiser resources

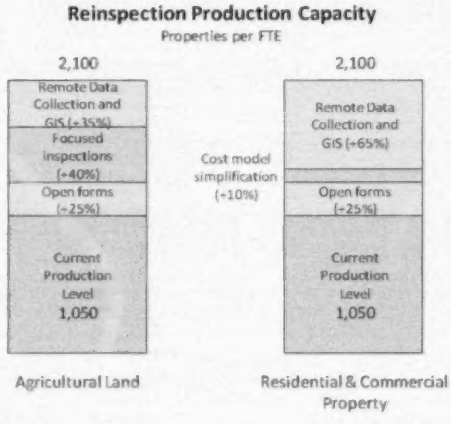
Annual maintenance processes that improve efficiency and productivity will result in the reallocation of 14 FTEs to the property reinspection program by 2018. Open forms and cost model simplification will reduce the amount of appraiser time needed to review a property by 25%. The web business-to-business portal and remote data collection tablets will reduce the amount of appraiser time an additional 20%.

Simplified **revaluation processes** for urban properties will result in the reallocation of an average of 5 FTEs annually to the property reinspection program and 1.5 FTEs to the support of value program. The use of improved sales verification processes, less complex valuation models, market value trending and GIS technologies will improve revaluation efficiency and contribute to reducing the amount of appraiser time needed by 25% from an average of 25 to 18.5 FTEs annually.

Simplified property reinspection processes

The agricultural land reinspection program will be redesigned from a detail-based inspections process to a focused inspections process. Focused agricultural land inspections will identify those properties where the soil productive capacity and/or acreage data is out-of-date, and use detail-based inspection methods for only those properties.

The development of a focused inspection process for agricultural land is continuing to be applied and refined in rural municipalities in 2016.



It is estimated that focused agricultural land inspections will eliminate the effort required for detailed inspections of approximately 75% of agricultural land properties. Used in conjunction with open forms, remote data collection and GIS technologies productivity will double to 2,100 property inspections per FTE by 2018.

Cost model simplification will reduce and reorganize the amount of property information that is currently collected to assess a typical residential building from over 160 to 45 elements of information. The commercial building cost model has been simplified regarding exterior wall cost components. The simplified cost model will be available for market analysis work in 2015, and property inspections in 2016. Simplifying the costs models will improve the efficiency of annual maintenance and reinspection programs 10% by 2017. Additional significant benefits will be realized by using simplified cost models in the remote data collection tablets being developed for use starting in 2017.

Improved business systems

Open Forms technology implemented in 2015 has simplified and reorganized user-friendly property data collection forms for appraisers and is a more efficient interface for entering property data into the Saskatchewan Property Assessment Network (SPAN). Open Forms interfaces for inspections have been developed for residential/commercial/industrial property as well as agricultural land. Open Forms will improve the efficiency of annual maintenance and reinspection programs and services by 25% when fully implemented.

New technologies

The four-year capital technologies infrastructure (TI) program will acquire proven technological systems already being used by the mass appraisal industry. These electronic systems will replace the current paper-based manual systems.

The **web business-to-business portal** will allow work processes such as annual maintenance lists and sales verification questionnaires to be submitted electronically to the agency, thereby reducing the amount of preparation and finalization time required by the current paper-based systems. The web business-to-business and business-to-public portal will be developed in 2015 for use in 2016.

Geographic information system (GIS) and digital imagery technologies will eliminate the current paper-based mapping and image display systems. Currently assessment records are stored in three separate formats – property data is in the SPAN system, agricultural land use maps and building diagrams are in paper-based files, and aerial and property photographs are in separate electronic files that must be printed. GIS technology will link these systems electronically, add mapping technology for area calculations, and display functionality on remote data collection tablets.

Remote data collection tablets will eliminate the current paper-based data collection and manual data entry methods. Current processes require the manual preparation of work lists, the printing of forms, maps and photos, and the manual recording of data on worksheets and re-entry of the data into the SPAN system. RDCs will allow electronic assessment records to be downloaded, updated and uploaded to the SPAN system, eliminating a lot of manual effort and reducing the problem of transposition errors.

The use of GIS and remote data collection technologies will improve the inspection efficiency of urban property by 65% and agricultural land 35% when they are completed and implemented.

Industrial Properties

With continued significant growth expected in Saskatchewan's energy and minerals sectors, the capacity of the industrial property assessment program will need to be further increased to meet growing demand for additional property assessments.

The agency will progressively double the capacity of the industrial program by 2017. Additional Industrial appraisers have been reallocated from the agency's current complement of 144.75 FTEs, bringing the total number of industrial appraisers from 4.0 to 6.5 FTEs. Business process improvements, Open Forms, cost model simplification and remote data collection tablets will improve the efficiency of the industrial property assessment program by 25%.

Financial Estimates

2016 Budget

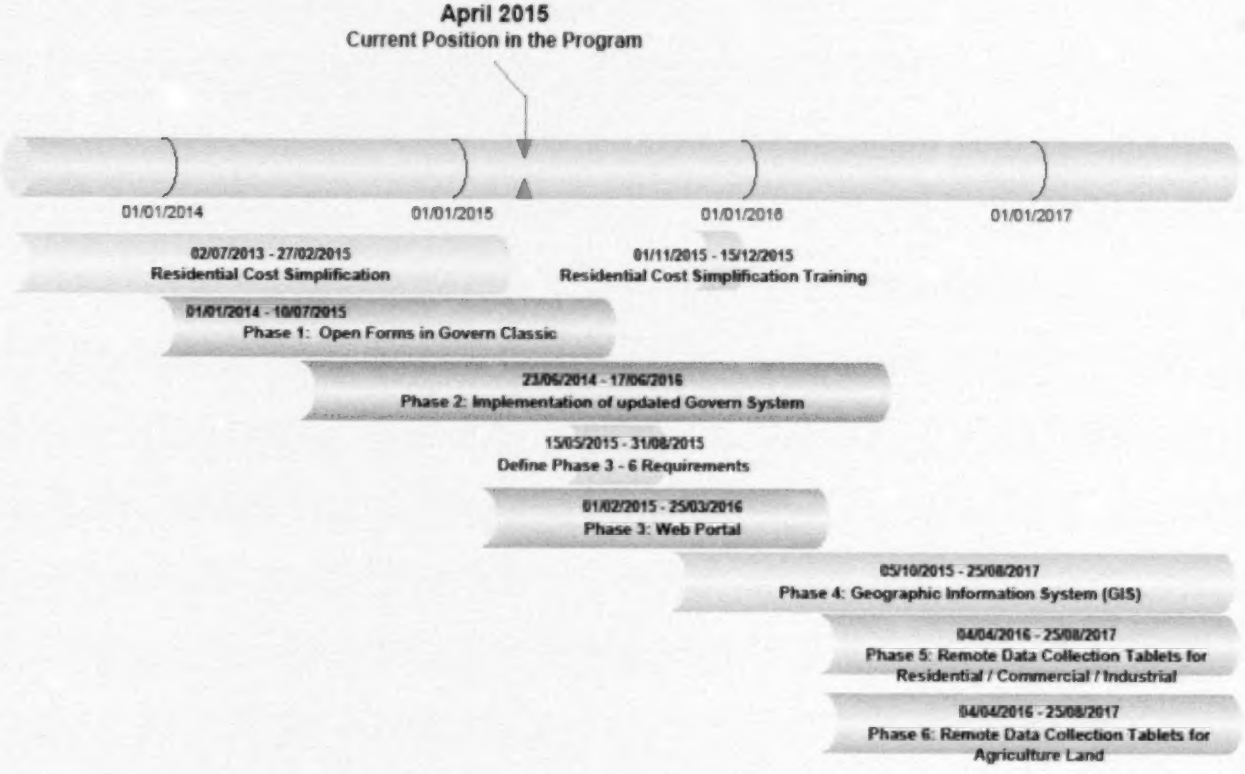
Operating Budget [1]	2015	2016	Variance from 2015 Amount	%
REVENUES (000s)				
Provincial - Operating	$10,238	$10,545	$307	3.0%
SAMA Municipal Invoice	6,566	6,763	197	3.0%
Municipal service fee[2]	317	475	158	49.8%
	6,883	7,238	355	5.2%
Other Revenue	436	436	0	0.0%
Total Operating Revenues	**$17,557**	**$18,219**	$662	3.8%
EXPENDITURES (000s)				
Salaries and Benefits	$12,588	$12,911	$323	2.6%
Other Expenses	4,969	5,159	190	3.8%
Total Expenditures	**$17,557**	**$18,070**	$513	2.9%
Surplus (Deficit)	**$0**	**$149**		
Unrestricted surplus	0	0		
Ending Surplus (Deficit)	**$0**	**$149**		
	144.75	**144.75**		

1. The agency also provides assessment valuation services to the City of Moose Jaw under contract. The revenues and expenses ($486,890) and permanent employee positions (6 FTEs) associated with this contract are not included in the Agency's operating budget.
2. Any service fee revenue in excess of budget is to be transferred at year-end to an operational reserve to defray future expenditures and/or inflationary increases in the municipal levy (2016 estimate $149K).

TI Program Capital Budget	2014 Actual	2015	2016
REVENUES (000s)			
Province - Technology Premium[1]	$0	$612	$612
Reserve allocation[2]	228	413	0
Municipal - Technology Premium[3]	624	624	624
Total funds available	**$852**	**$1,649**	**$1,236**
EXPENDITURES (000s)			
Phase I update - Open Forms	442	159	0
Phase II update - conversion to dot.net	410	486	0
Phase III - web portal, handheld & GIS dev.	0	1,004	1,236
Total Technology Development Expenditures	**$852**	**$1,649**	**$1,236**
Ending fund balance	**$0**	**$0**	**$0**

1. Capital funding for acquisition of new technologies is not provided for in the Provincial operating grant or SAMA Municipal Invoice -operating.
2. The four-year TI Program was launched in 2014 with first-year funds of $623,860 provided by client municipalities and agency internal reserve re-allocations of $640,500 of which $227,508 was expended in 2014.
3. The municipal share includes an additional $12,000 in capital funding from 10 new municipalities that were former clients of CD Consulting.

The following timeline schedule illustrates a number of the agency's major initiatives over the four years, 2014-17, including the TI Program. As highlighted, 2016 will see the completion of Phase II of the conversion of the legacy CAMA system to a .NET environment. The agency will then be well-positioned to leverage further enhancements such as remote data collection and GIS capabilities. Phase 3 web portal is scheduled to be completed for use starting in Q2 2016.


April 2015
Current Position in the Program
01/01/2014
01/01/2015
01/01/2016
01/01/2017
02/07/2013 - 27/02/2015
Residential Cost Simplification
01/11/2015 - 15/12/2015
Residential Cost Simplification Training
01/01/2014 - 10/07/2015
Phase 1: Open Forms in Govern Classic
23/06/2014 - 17/06/2016
Phase 2: Implementation of updated Govern System
15/05/2015 - 31/08/2015
Define Phase 3 - 6 Requirements
01/02/2015 - 25/03/2016
Phase 3: Web Portal
05/10/2015 - 25/08/2017
Phase 4: Geographic Information System (GIS)
04/04/2016 - 25/08/2017
Phase 5: Remote Data Collection Tablets for Residential / Commercial / Industrial
04/04/2016 - 25/08/2017
Phase 6: Remote Data Collection Tablets for Agriculture Land

How Resources Will be Used

Operational expenditures will increase 2.9% in 2016.

- The number of permanent positions will remain at 2015 level of 144.75 FTEs.
- Employee salaries and benefits will increase 2.6%. Budget estimates include earned annual increments, reclassifications and negotiated collective bargaining adjustments of 1.65% in 2016.
- Other expenses will increase 3.8%. Legal expenses will increase 52.6% to provide for external legal counsel for property appeals. Building rent will rise 5.8%, over 2015 to, provide for increased office lease costs. Other professional services will increase 28% primarily to engage a consultant to assist with the updating of the in-scope classification plan. All other expenses (office costs, land titles, professional services, staff training, computer services and aerial imagery) will increase 1.1%.
- Governance costs (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) will total $6.180 million.
- Assessment valuation services costs (annual maintenance, revaluation, property reinspection and support of value programs) will total $11.603 million – $7.238 million for municipalities and $4.365 million for education.

New technologies development project.

- Total project cost will be $4.896 million – $1.531 million for Open Forms and conversion of the existing system to a dot.NET environment and $3.365 million for a web portal, remote data collection tablets, GIS and associated project management support costs and licensing.
- The 2016 cost allocation will be $1.236 million and will be used primarily to fund the development of a web portal, GIS and remote data collection capabilities .

SAMA Municipal Invoice (Municipal Requisition)

- In 2016 a 3% cost of living increase will be applied evenly to all municipalities. The remaining balance of 2.2% will be funded by charging a $20 user-pay fee on most 2015 maintenance pickups, including supplementary maintenance for the 2015 roll, covering the period January 1, 2015 to December 31, 2015.
- Any service fee revenue in excess of budget is to be transferred at year-end to an operational reserve to defray future expenditures and/or inflationary increases in the municipal levy. The 2016 year-end reserve estimate totals $180,000 ($149,000 for 2016 and $31,000 for 2015).

Funding Request

Provincial and Municipal Funding (000's)	2015	2016	Funding Share	Variance from 2015 Amount	%
Provincial Funding					
Governance	$6,000	$6,180	100%	$180	3.0%
Assessment Valuation services	4,238	4,365	38%	$127	3.0%
Technology Development	612	612	50%	0	0.0%
Total Provincial Funding	**$10,850**	**$11,157**		$307	2.8%
Municipal Funding					
Assessment Valuation services	$6,883	$7,238	62%	$355	5.2%
Technology Development	624	624	50%	0	0.0%
Total Municipal Funding	**$7,507**	**$7,862**		$355	4.7%

How Funding will be Shared

Operational funding will be allocated to the funding parties in proportion to benefits.

- 100% of governance (assessment research and policy development, maintaining a central database, providing assessment information to the Province and assuring the quality of assessments) to the Province.
- 38% of assessment valuation services to the Province and 62% to client municipalities – based on 2012 property tax levies for education and municipalities.
- Assessment valuation services funding shares were phased-in over 2014 and 2015. The provincial share decreased from 40% in 2014 to 38% in 2015, and the municipal share increased from 60% in 2014 to 62% in 2015.

Technology development funding will be allocated to the funding parties on an equal basis.

2016 Funding Shares

Total **provincial funding** for governance and operating will increase $307,000 (2.8%).

- Governance funding will increase $180,000 to $6.180 million.
- Assessment valuation services funding will increase $127,000 to $4.365 million.
- New technology development funding will be $612,000 ($612,000 in 2015).

Total municipal **funding** for operating will increase $355,000 (5.2%).

- Assessment valuation services funding will increase $355,000 (5.2%) in 2016 to $7.238 million.
- New technology development funding will remain at 2015 level of $624,000 which includes capital contributions of $12,000 from 10 new municipalities that were former clients of CD Consulting.

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